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Economic statistics: Ottawa Group on Price Indexes

Report of the Ottawa Group on Price Indexes

Note by the Secretary-General

In compliance with a request of the Statistical Commission at its thirty-third session,** the Secretary-General has the honour to transmit to the Statistical Commission the report of the Ottawa Group on Price Indexes (focal point: Statistics Canada). The Commission may wish to review the activities of the Ottawa Group.

* E/CN.3/2003/1.

** See *Official Records of the Economic and Social Council, 2002, Supplement No.4* (E/2002/24), para. 1.

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Report of the Ottawa Group on Price Indexes

Purpose

1. The Ottawa Group was created to provide a forum for specialists to share their experiences and discuss research on crucial problems of measuring price change. Without avoiding theoretical issues, the Group focuses on applied research, particularly, though not exclusively, in the area of consumer price indexes. Participants are specialists and practitioners who work for, or are advisers to, statistical agencies in various countries, or international organizations.

Year organized

2. The Ottawa Group was organized in 1994.

Participants

3. Members of the national statistical offices of Australia, Austria, Brazil, Canada, Chile, China, Denmark, Finland, France, Germany, Iceland, Indonesia, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, the Republic of Korea, Singapore, Spain, Sweden, Thailand, the United Kingdom of Great Britain and Northern Ireland, the United States of America, the Statistical Office of the European Communities (Eurostat), the Statistics Department of the International Monetary Fund, the International Labour Organization, the Economic Commission for Europe and the Organisation for Economic Cooperation and Development have attended at least one meeting of the Group, as have other experts or members of national statistical offices of other countries.

Meetings (approximately every 12 to 18 months)

4. Meetings held to date:

- Ottawa, 31 October to 3 November 1994
- Stockholm, 15 to 17 November 1995
- Voorburg, the Netherlands, 16 to 18 April 1997
- Washington, D.C., 22 to 24 April 1998
- Reykjavik, 25 to 27 August 1999
- Canberra, 16 to 21 April 2001.

5. Meetings scheduled:

- Paris, May 2003
- Finland, 2004.

6. Proceedings of the meetings include the papers, a summary of the discussions and a report of recommendations where agreement has been reached.

7. Meetings focus on a small number of topics in order to concentrate the preparatory work and the discussions. Proceedings of the most recent meeting, held in Canberra, are available on the Group's web site at www4.statcan.ca/secure/english/ottawagroup/.

Topics considered

8. Fundamental problems of measurement, particularly at the microlevel, have been constant themes. These include estimation (for example, the adoption of the geometric mean at the first step of calculation), sampling and the treatment of quality change in all its manifestations. Questions of bias were considered explicitly at the 1994 and 1997 meetings. The different requirements of indexes for different purposes, for example, inflation measurement and measures for compensation, have been discussed at more than one meeting. Other topics covered include certain difficult areas of consumer price indexes, such as health and financial services, survey methodology and management and the growing availability of electronic sales databases (scanner data).

9. Since 1999, the discussion of the Group has concentrated on the use of different techniques and procedures dealing with quality changes in price indexes for durable goods and services in order to derive some best practices. While the meeting in Reykjavik focused mainly on durable goods, participants also discussed the conceptual basis of different requirements of indexes for different purposes.

10. In 2001 quality change continued to be an important issue for discussion, but in the context of services. Five main topics were discussed at the meeting: (a) quality adjustment and scanner data; (b) new and disappearing goods; (c) financial services; (d) telecommunication services; and (e) miscellaneous areas of new or ongoing research.

11. Summaries of each session are available on the Group's web site.

Products

12. Papers and proceedings of the meetings are published on the Group's web site.

Planned activities

13. The next meeting of the Group will be hosted by the Institut national de la statistique et des études économiques, in Paris, from 27 to 29 May, 2003. This meeting was initially scheduled for November 2002. Statistics Finland has offered to host the subsequent meeting in 2004.

14. The following are the planned topics for the Paris meeting:

(a) **Coping with changes to complex pricing schemes.** Many products, especially services, are bundled or charged in complex ways that make it difficult to select prices for inclusion in the consumer price index. Other complexities arise from discounts, fidelity rebates or rewards and other plans that alter the price paid by the consumer. Another aspect of complex pricing involves dealing with changes in the range of bundled services (e.g. banking, telecommunications). Other issues to

be considered under this topic include income-dependent prices and subsidized products.

(b) **Financial services, including insurance services.** Financial services have unique and complex pricing issues, including identifying the transaction unit. The treatment of various types of insurance (automobile, housing, liability and health) will be covered under this topic.

(c) **Health and social services.** Health care is one of the most difficult areas for consumer price index treatment. Dealing with subsidized services, rebates and quality adjustment are some of the issues to be covered.

(d) **Electronic commerce (e-commerce).** This topic will deal with whether and how to reflect Internet services in the consumer price index. The meeting will review practical experiences and projects of national agencies in processing e-commerce in their consumer price index.

(e) **Future issues.** Issues and topics that should be dealt with in future meetings will be considered at a session of the Paris meeting.

15. More details on the agenda of the Paris meeting will be given on the Group's web site by January 2003.

Point of contact

16. George Beelen
Director, Prices Division
Statistics Canada
Ottawa, Canada K1A 0T6
Telephone: 1-613-951- 6585
Fax: 1-613-951-2848
E-mail: george.beelen@statcan.ca